MINUTES

JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND SUBSTANCE ABUSE SERVICES

Wednesday, November 9, 2005
9:00 AM
Room 544, Legislative Office Building

The Joint Legislative Oversight Committee on Mental Health, Developmental Disabilities and Substance Abuse Services met on Wednesday, November 9, 2005, at 9:00 A.M. in Room 544 of the Legislative Office Building. Members present were Senator Martin Nesbitt, Co-Chair; Representative Verla Insko, Co-Chair; Senators Austin Allran, Jim Forrester, Vernon Malone, and William Purcell and Representatives Beverly Earle, Bob England, Carolyn Justice and Edd Nye.

Kory Goldsmith, Lisa Hollowell, Ben Popkin, Shawn Parker and Rennie Hobby provided staff support to the meeting. Attached is the Visitor Registration Sheet that is made a part of the minutes. (See Attachment No. 1)

Senator Martin Nesbitt, Co-Chair, called the meeting to order and welcomed members and guests. He announced that the meeting in Asheville had been a great success and that requests had been made from other parts of the State for the committee to come to their areas. He said the committee might travel to the northeast and southeastern parts of the State for upcoming meetings.

Senator Nesbitt asked for a motion for the approval of the minutes from the October 19, 2005 meeting. Representative Nye made the motion and the minutes were approved.

Senator Nesbitt asked Ben Popkin from the Research Division to come forward to give a follow-up from the October meeting. Mr. Popkin gave a presentation on the law regarding how LMEs can be organized. (See Attachment No. 2) He reviewed the governance structure pre-reform and post-reform of the Area Authorities/County Programs. Of the six options available, only one (the multi-county county program) requires a catchment area of at least 200,000 in population or a minimum of 5 counties. Regarding the target of 20 LMEs, Session Law 2001-437, Section 3(a)(8), directs the Secretary of Health and Human Services to develop a catchment area consolidation plan. Mr. Popkin provided copies of the Consolidation Plan to members. (See Attachment No. 3) Statues do not give the Secretary the authority to force mergers but with review and approval of the business plan, she could possibly create additional consolidations.

Senator Nesbitt asked Mike Moseley, Director of the Division of MHDDSAS, about concerns he was hearing regarding cash flow and the failure of LMEs to pay providers. Mr. Moseley said that there had been cash flow problems for a number of years that went all the way to the State Office. Senator Nesbitt asked staff to prepare an analysis of the problem and how it should be addressed for the December meeting.

Members asked how it was decided to have 20 LMEs. Flo Stein from the Division explained that originally a population base of 500,000 – or roughly 16 LMEs - was discussed but that was revised to 200,000 or 5 counties in order to reach a consensus among stakeholders. The target of 20 LMEs was a compromise among legislators serving on the LOC and involved concerns raised by committee members that once the system was in motion, the inefficient LMEs would be paid more money to manage their system than the efficient ones. Concerns were also raised that the system promotes inefficiency by the nature of the number of dollars received by smaller LMEs.

Shawn Parker from the Research Division gave an historic and current configuration of area and county programs. (See Attachment No. 4) He began with a map and chart from 1997 showing the 41 area programs with populations ranging from 56,000 to 770,000. Many area programs had just 1 county but one had as many as 7 counties. The current map, since reform and mergers, showed 29 catchment areas which included the expected successful merger of Edgecombe-Nash-Wilson and Green Counties. (See Attachment No. 5) He noted that 4 of the LMEs currently do not have a catchment area of 200,000 or a combined membership of at least 5 counties. Today the populations range is from 75,000 to 770,000 and 1 to 8 counties. He also referenced a map the Secretary presented earlier showing the 10 regional LME models that would possibly perform UR-STR functions. (See Attachment No. 6) Flo Stein explained that services would continue to be performed at the local level while UR and STR functions only would be performed by the 10 regional LMEs. Ms. Goldsmith offered to have staff review historical studies and reports to give members a basis for decisions made in 2001 regarding reasons for larger groupings and management functions. Committee members had a lengthy discussion and expressed concern over the cost model basis of 20 LMEs, using a $2.03 per person, per month allocation.

Continuing, Mr. Parker gave an analysis on the benchmarks of how the reform movement is progressing. (See Attachment No. 7) He reviewed progress since the last report a year ago highlighting service array, LME functions and the status of the State institutions. He noted that the Division would address the Service Cost Model Project that has been suspended indefinitely and the allocation of State funds would be addressed in the Long Range Plan due March 1, 2006.

Representative Insko asked Lisa Hollowell from Fiscal Research to come forward and give her presentation on developing management capacity. Ms. Hollowell began with a review of a chart detailing the LME functions and the allocations based on the Cost Model SFY 2005-2006. (See Attachment No. 8) The chart showed the total amount of the allocation for the nine functions performed by each LME. She said LMEs are allowed to switch funds between functions and that LMEs could also use their administrative funds for services. Ms. Hollowell then reviewed a chart showing the proposed change in LME function allocations for programs not performing the UR and after-hours STR functions. (See Attachment No. 9) The chart did not show the cost added back in for those LMEs performing those two functions. She indicated the Division had said the added amount would be about $20 million. Members raised

concern that the LMEs knew how much money was being taken away from them but did not know the amount to be given back to perform the additional two functions. Also, there was concern that a small LME was given a similar amount of funding as a large LME to perform certain functions. Mr. Moseley explained that the allocations were not for specific functions but rather the LME determined how to spend allocations received. It was suggested that the cost model methodology was flawed. There was also concern that the allocations did not create an incentive for smaller, less efficient LMEs to merge. Ms. Hollowell said she would prepare a chart showing per citizen, per month allocation. Staff was also asked to gather information showing the allocation of State dollars for services and the number of clients served on a monthly and annual basis.

Ms. Hollowell continued by reviewing a survey sent to all LME directors and the Division's LME Liaisons asking for information on the status of LME administrative functions and crisis services for each LME. (See Attachment No. 10) Results of the survey are currently being reconciled and will be available in a few weeks.

Kory Goldsmith explained that as part of the LOC's looking at management capacity, staff had been asked to look at the State's management role in MHDDSAS reform. (See Attachment No. 11) The overview gave a broad explanation of powers and duties of the Secretary of Health and Human Services according to statutes. Part of the Secretary's duties include the development of the State Plan, oversight of the operation of State facilities, administration of the Mental Health Trust Fund, monitoring and oversight of the LMEs, and the protection of client rights. Ms. Goldsmith suggested that if the Committee wants the Division to provide more assistance to help LMEs develop their functions, it should consider additional language to the statutes.

Flo Stein, Chief of Community Policy Management from the Division of MHDDSAS, gave the Division's role in assisting LMEs with key function implementation. (See Attachment No. 12) She stated that the Division, at the direction of the General Assembly, reorganized in order to better assist and facilitate system reform to the LMEs. Local Business Plans were developed to provide strategies and timeframes over a 3-year period. The Division also calculated administrative cost associated with each of the LME functions. Ms. Stein reviewed the technical assistance and training shared with the communities. She also said the Division had provided guidance for the provision of access, screening and triage and for crisis services and developed a standardized performance contract with the LMEs. More attention is being focused on the provider community especially in the areas of payment, quality of services, provider management governance and infrastructure.

After breaking for lunch, Dr. Michael Lancaster, Chief of Clinical Policy with the Division of MHDDSAS, gave an overview of Crisis/Emergency Services. (See Attachment No. 13) The diagram showed how crisis services are provided in the overall reform system. He reviewed the screening process and explained the difference in the 3 levels of crisis services - emergent, urgent and routine. Dr. Lancaster explained the importance of a community-based hospital that participates in the mental health system. When asked if this was cost effective for the hospitals, Dr. Lancaster responded that

indigent care was a problem as well as the problems created in the ER. He said community hospitals would have to realize that this is a community problem that must be dealt with. It was suggested that more money needed to be available to build crisis services and to support the community hospitals. Mr. Moseley said the report in March would include a recommendation for implementing the continuum of crisis services in LMEs. Representative Insko asked staff to compare the number of beds and the number of bed days at the State institutions for the past 3-4 years by the next meeting.

Lisa Hollowell noted that the members had information in their folders regarding waivers the Secretary has approved for LMEs to continue to directly provide certain crisis services. (See Attachment No. 14) She also discussed the results of the survey regarding the implementation of crisis services by LMEs. (See Attachment No. 15) LMEs reported whether they had particular crisis services in their catchment area and whether or not they intended to institute services they did not have. In response to questions from Rep. Insko, Dr. Lancaster stated that every LME needed to have a continuum of services. Statistics showed that the majority of LMEs had services available in their area. For those not offering a particular service, the number one barrier was funding.

Marti Wagner, Regional Director of Operations for Telecare Corporation, working primarily with Durham Center ACCESS as well as the Crisis Recovery Centers at Kannapolis and Statesville, gave a presentation as a provider of crisis services. She focused on the programs and implementation, outcomes, challenges and barriers to crisis services. (See Attachment No. 16) She said 58% of those entering the Durham Center's 23-hour observation program returned home, while 42% go to crisis residential beds. She emphasized the importance of this stabilization treatment, however, she said there is no reimbursement for this service if it is offered outside a hospital setting. Ms. Wagner said the Center was reimbursed for the crisis residential beds at a per diem rate and Medicaid billing comes from the LME. Ms. Wagner also said the majority of those coming in for services are substance abusers. She said the greatest outcome was the reduction in referrals to State hospitals. She also provided recommendations for the committee as reform moves forward. (See Attachment No. 16) Members asked what happened if an LME did not provide an acceptable continuum of crisis services. Mr. Moseley said the Division planned to be more directly engaged with the LME to ensure that crisis services are provided.

Next, Julie Sinclair, Crisis Services Director for Southeastern Regional MHDDSAS, reviewed a handout on mobile crisis services in her area. (See Attachment No. 17) She said the crisis unit was started in 2004. A collaboration committee was formed that was multi-agency and multi-disciplinary. The group performed a needs assessment and determined the greatest need was for a mobile crisis unit. The needs assessment showed that transportation was a barrier because consumers lacked the ability to reach the services. She reviewed the credentials for the Mobile Crisis Team and explained how an urban model was adopted for their rural area. Ms. Sinclair said the unit responds to calls in the community, closest to the consumer's home. With crisis stabilization, the unit is often able to divert hospitalization. One of the greatest barriers is funding. Without the new service definitions and rates they are only able to bill periodic services. Billing rates

for assessment services deceased 30% for non-licensed clinicians. Ms. Sinclair said that even though staff were qualified professionals, they are not licensed according to the Medicaid definitions. Consequently, they are only able to capture 48% of their projected revenue.

Mike Moseley gave an update on the Secretary's Regional UR proposal. Referencing the Secretary's response to the letter written by the LOC Co-Chairs, Mr. Moseley highlighted areas of the letter for the committee. (See Attachment No. 18) He reviewed the foundation that created the cost model and said the LMEs have been unable or unwilling to achieve the economies of scale assumed by the model. He also said that it was the Department's view that the language in Statute 122C-115.1(a) was conflicting in terms of forcing a single county to merge. He reviewed ways the Department had helped and supported the LMEs and said the Secretary felt the timeframe to consolidate UR and STR functions was reasonable and intended to continue on as planned. Ms. Goldsmith said the language was not in conflict because it referred to two different governance structures. One is the single county program and the other is a multi-county program and only the multi-county has to have the minimum of 200,000 in population or a minimum of 5 counties. The minimum population does not apply to any single county program. Members were concerned that the Secretary was moving too quickly and that her actions might have adverse consequences. It was suggested that the Secretary could change the formula in order to create incentives to merge.

Carol Clayton, Director of the N.C. Council of Community Programs, was asked to give a response to the Secretary's letter. (See Attachment No. 19) She said she believed that this was the darkest period of the reform effort. She commended area programs for doing everything that had been asked of them and said that the area programs appreciated the support received from the Department. The Council asked the Secretary to consider four points as a response to her proposal: 1) Allow local communities to make their own decisions about how to best partner and create more efficiencies; 2) Allow adequate time to digest the information and to make changes; 3) Provide specific information regarding the target the Secretary is trying to achieve and how much money must be spent on the management function; and 4) Work together to create efficiencies in order to reallocate dollars to services is a powerful motivator.

Patrice Roesler from the Association of County Commissioners responded to the Secretary's letter. She encouraged members to look at other public values besides the population count and the number of counties in a program. In trying to align the programs, Commissioners have looked at financial accountability, additional oversight in having proximity to the clients and the ability to interact with the clients, to list a few. She asked that people look at the managment capability of Catawba County regardless if they are one county or five, if they are the lowest in terms of what it cost to manage that system then they have achieved the goal. Ms. Roesler said the Catawba Commissioners know their community's needs and are committed to those citizens. She said this was an example of one of those values that could not be measured by the number of counties or the number of people living in a county. There are several impediments in trying to align a high paying entity with a low paying entity. She stressed that there had to be parity

since it is an ongoing cost. She said that UR is very important to the local communities and consolidating the UR function to ten regions would not be taken lightly. Maximum efficiency has value on the administrative side if it adds to the service component. With UR this is not happening. It has not been shown that additional funds are going towards services.

The meeting adjourned at 4:10 PM.

Senator Martin Nesbitt, Co-Chair	Representative Verla Insko, Co-Chair

Rennie Hobby, Committee Assistant